



هَذَا مِنْ فَضْلِ رَبِّي

Bank AL Habib  
25 YEARS SILVER JUBILEE  
1991-2016

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## CORPORATE INFORMATION

<b>Board of Directors</b>	Ali Raza D. Habib	<i>Chairman</i>
	Abbas D. Habib	<i>Chief Executive &amp; Managing Director</i>
	Anwar Haji Karim	
	Arshad Nasar	
	Murtaza H. Habib	
	Qumail R. Habib	<i>Executive Director</i>
	Safar Ali Lakhani	
	Shahid Ghaffar	
	Syed Mazhar Abbas	
	Syed Hasan Ali Bukhari	
<b>Audit Committee</b>	Syed Mazhar Abbas	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Arshad Nasar	<i>Member</i>
	Safar Ali Lakhani	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Syed Mazhar Abbas	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Arshad Nasar	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
<b>Company Secretary</b>	Mohammad Taqi Lakhani	
<b>Statutory Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants	
<b>Legal Advisor</b>	Liaquat Merchant Associates Advocates and Corporate Legal Consultants	
<b>Registered Office</b>	126-C, Old Bahawalpur Road, Multan	
<b>Principal Office</b>	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi	
<b>Share Registrar</b>	Central Depository Company of Pakistan Ltd. CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.	
<b>Website</b>	www.bankalhabib.com	



## DIRECTORS' REVIEW

On behalf of the Board of Directors of the Bank, it is my pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Credit & Finance (Hong Kong) Limited for the quarter ended March 31, 2016.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 529.9 billion as compared to Rs. 516.2 billion on December 31, 2015. In the same period, advances increased to Rs. 210.2 billion from Rs. 207.3 billion, while investments increased to Rs. 444.8 billion from Rs. 356.6 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2016 was Rs. 4,102.4 million as compared to Rs. 2,456.8 million during the corresponding period last year.

Your Bank now has a network of 556 offices, comprising 450 branches, 103 sub-branches, and 3 Representative Offices. Our branch network includes 31 Islamic Banking Branches and 3 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2016.

Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term and short term entity ratings at **AA+** (Double A plus) and **A1+** (A One plus), respectively. The ratings of our unsecured, subordinated TFCs have also been maintained at **AA** (Double A). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers for their continued support and confidence, the State Bank of Pakistan for their guidance, and local and foreign correspondents for their cooperation. We also thank all our staff members for their sincere and dedicated services.

On behalf of the Board of Directors

Karachi: April 14, 2016

ALI RAZA D. HABIB  
*Chairman*



## ڈائریکٹرز کا جائزہ

میرے لئے یہ باعث مسرت ہے کہ میں بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ ۲۰۱۶ء کو ختم ہونے والی سہ ماہی کے لئے بینک الحبیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحبیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحبیب کمپنیل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحبیب کریڈٹ اینڈ فنانس (ہانگ کانگ) لمیٹڈ پیش کروں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ ۳۱ مارچ ۲۰۱۶ء کو ختم ہونے والی سہ ماہی میں ڈپازٹس بڑھ کر ۵۲۹.۹ بلین روپے ہو گئے، جو کہ ۳۱ دسمبر ۲۰۱۵ء کو ۵۱۶.۲ بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز ۲۰۷.۳ بلین روپے سے بڑھ کر ۲۱۰.۲ بلین روپے ہو گئے اور سرمایہ کاری ۳۵۶.۶ بلین روپے سے بڑھ کر ۴۴۴.۸ بلین روپے ہو گئی۔ ۳۱ مارچ ۲۰۱۶ء کو ختم ہونے والی سہ ماہی کے لئے آپ کے بینک کا قبل از ٹیکس منافع ۴۱۰.۲ بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ ۲۴۵.۶ بلین روپے تھا۔

آپ کے بینک کا نیٹ ورک اب ۵۵۶ دفاتر پر مشتمل ہے، جس میں ۴۵۰ برانچز، ۱۰۳ سب برانچز اور ۳ نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب ۳۱ اسلامی بینکاری برانچز اور ۳ بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال ۲۰۱۶ء میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے لمبی مدت کے لئے بینک کی AA+ (ڈبل اے پلس) اور مختصر مدت کے لئے A1+ (اے ون پلس) ریٹنگز برقرار رکھی ہیں۔ ہمارے انسکیورڈ، سبارڈینٹیڈ ٹی ایف سیز کی ریٹنگ بھی AA+ (ڈبل اے) برقرار رکھی گئی ہے۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کا ان کے مسلسل تعاون اور اعتماد کیلئے، اسٹیٹ بینک آف پاکستان کا ان کی رہنمائی کے لئے اور اپنے ملکی و غیر ملکی نمائندہ بینکوں کا ان کی معاونت کیلئے شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کی لگن اور خالص خدمات کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

علی رضا ڈی۔ حبیب

چیرمین

کراچی: ۱۴ اپریل ۲۰۱۶ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

		(Un-audited) 31 March 2016	(Audited) 31 December 2015
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		40,286,542	38,577,738
Balances with other banks		4,236,528	3,185,669
Lendings to financial institutions		—	3,992,794
Investments - net	7	444,829,975	356,649,003
Advances - net	8	210,221,252	207,288,608
Operating fixed assets	9	16,635,133	15,764,284
Deferred tax assets - net		—	—
Other assets		10,285,333	14,254,372
		726,494,763	639,712,468
<b>LIABILITIES</b>			
Bills payable		9,828,980	8,665,462
Borrowings	10	126,096,404	62,592,299
Deposits and other accounts	11	529,851,856	516,213,178
Sub-ordinated loans	12	6,994,600	2,994,600
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,994,098	3,632,598
Other liabilities		12,678,470	7,757,673
		689,444,408	601,855,810
<b>NET ASSETS</b>		37,050,355	37,856,658
<b>REPRESENTED BY:</b>			
Share capital		11,114,254	11,114,254
Reserves		10,836,707	10,329,659
Unappropriated profit		8,404,868	10,253,920
		30,355,829	31,697,833
Surplus on revaluation of assets - net of tax	13	6,694,526	6,158,825
		37,050,355	37,856,658
<b>CONTINGENCIES AND COMMITMENTS</b>		14	

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED MAZHAR ABBAS <i>Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>
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**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

		<b>Three months period ended</b>	
		<b>31 March 2016</b>	<b>31 March 2015</b>
	Note	<b>(Rupees in '000)</b>	
Mark-up / return / interest earned	15	<b>12,185,060</b>	12,865,025
Mark-up / return / interest expensed	16	<b>(5,935,740)</b>	(7,055,496)
Net mark-up / return / interest income		<b>6,249,320</b>	5,809,529
Reversal / (provision) against non-performing loans and advances - net	8.3	<b>1,177,036</b>	(971,972)
Provision for diminution in the value of investments		—	—
Bad debts written-off directly		—	—
		<b>1,177,036</b>	(971,972)
Net mark-up / return / interest income after provisions		<b>7,426,356</b>	4,837,557
<b>NON MARK-UP / INTEREST INCOME</b>			
Fees, commission and brokerage income		<b>604,051</b>	575,962
Dividend income		<b>204,126</b>	158,497
Income from dealing in foreign currencies		<b>189,981</b>	258,246
Gain on sale / redemption of securities - net		<b>33,961</b>	—
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—
Other income		<b>184,423</b>	175,118
Total non mark-up / interest income		<b>1,216,542</b>	1,167,823
		<b>8,642,898</b>	6,005,380
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		<b>(4,487,794)</b>	(3,473,435)
Other reversals / (provisions) / write-offs		<b>31,049</b>	(16,571)
Other charges		<b>(83,762)</b>	(58,610)
Total non mark-up / interest expenses		<b>(4,540,507)</b>	(3,548,616)
		<b>4,102,391</b>	2,456,764
Extra-ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>4,102,391</b>	2,456,764
Taxation - Current		<b>(1,501,805)</b>	(1,020,655)
- Prior years		—	—
- Deferred		<b>(65,932)</b>	169,781
		<b>(1,567,737)</b>	(850,874)
<b>PROFIT AFTER TAXATION</b>		<b>2,534,654</b>	1,605,890
		<b>(Rupees)</b>	
<b>Basic and diluted earnings per share</b>	17	<b>2.28</b>	1.44

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB	ABBAS D. HABIB	SYED MAZHAR ABBAS	SYED HASAN ALI BUKHARI
<b>Chairman</b>	<b>Chief Executive and Managing Director</b>	<b>Director</b>	<b>Director</b>



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	<b>Three months period ended</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>(Rupees in '000)</b>	
<b>Profit after taxation for the period</b>	<b>2,534,654</b>	<b>1,605,890</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss account</i>		
Exchange differences on translation of net investment in foreign branches	117	30,989
<i>Items that will never be reclassified to profit or loss subsequently</i>		
Remeasurement of defined benefit plan	-	-
Related tax charge	-	-
	-	-
<b>Comprehensive income transferred to equity</b>	<b>2,534,771</b>	<b>1,636,879</b>
<i>Components of comprehensive income not reflected in equity</i>		
Surplus on revaluation of available for sale securities	830,659	2,196,413
Related tax charge	(290,730)	(799,675)
	539,929	1,396,738
Surplus on revaluation of fixed assets	13,825	-
Related tax charge	(4,839)	-
	8,986	-
<b>Total comprehensive income</b>	<b>3,083,686</b>	<b>3,033,617</b>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED MAZHAR ABBAS  
*Director*

SYED HASAN ALI BUKHARI  
*Director*



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	31 March 2016	31 March 2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,102,391	2,456,764
Less: Dividend income	(204,126)	(158,497)
	<b>3,898,265</b>	<b>2,298,267</b>
<b>Adjustments for:</b>		
Depreciation	366,960	273,797
Amortisation	22,178	20,861
(Reversal) / provision against non-performing loans and advances - net	(1,177,036)	971,972
Gain on sale of operating fixed assets	(33,153)	(20,975)
Gain on sale / redemption of securities - net	(33,961)	—
Charge for defined benefit plan	54,000	42,000
Charge for compensated absences	12,196	12,059
(Reversals) / provisions against off-balance sheet items	(31,049)	16,571
	<b>(819,865)</b>	<b>1,316,285</b>
	<b>3,078,400</b>	<b>3,614,552</b>
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	3,992,794	—
Advances - net	(1,755,607)	(3,887,077)
Other assets	4,128,397	3,975,920
	<b>6,365,584</b>	<b>88,843</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,163,518	(949,200)
Borrowings	62,964,647	24,827,653
Deposits	13,638,678	11,102,811
Other liabilities - (excluding provision for taxation)	1,062,142	1,364,384
	<b>78,828,985</b>	<b>36,345,648</b>
	<b>88,272,969</b>	<b>40,049,043</b>
Income tax paid	(1,148,684)	(818,603)
Net cash generated from operating activities	<b>87,124,285</b>	<b>39,230,440</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(87,316,352)	(39,194,828)
Dividend received	56,691	34,141
Investments in operating fixed assets	(1,265,752)	(337,123)
Sale proceeds from disposal of operating fixed assets	40,821	29,500
Net cash used in investing activities	<b>(88,484,592)</b>	<b>(39,468,310)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts / (repayments) of sub-ordinated loans	4,000,000	(747,900)
Dividend paid	(419,605)	(294,322)
Net cash generated from / (used in) financing activities	<b>3,580,395</b>	<b>(1,042,222)</b>
Exchange differences on translation of net investment in foreign branches	117	30,989
Increase / (decrease) in cash and cash equivalents	<b>2,220,205</b>	<b>(1,249,103)</b>
Cash and cash equivalents at beginning of the period	<b>41,758,103</b>	<b>37,879,971</b>
Cash and cash equivalents at end of the period	<b>43,978,308</b>	<b>36,630,868</b>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB      ABBAS D. HABIB      SYED MAZHAR ABBAS      SYED HASAN ALI BUKHARI  
Chairman      Chief Executive and      Director      Director  
Managing Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves Special Reserve	General Reserve	Unapp- ropriated Profit	Total
	(Rupees in '000)						
Balance as at 01 January 2015	11,114,254	7,932,650	161,761	126,500	540,000	7,679,490	27,554,655
Total comprehensive income for the three months period ended 31 March 2015:							
Profit after tax	-	-	-	-	-	1,605,890	1,605,890
Other comprehensive income	-	-	30,989	-	-	-	30,989
	-	-	30,989	-	-	1,605,890	1,636,879
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214
Transfer to statutory reserve	-	321,178	-	-	-	(321,178)	-
Transaction with owners, recorded directly in equity:							
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 31 March 2015	11,114,254	8,253,828	192,750	126,500	540,000	5,643,140	25,870,472
Total comprehensive income for the nine months period ended 31 December 2015:							
Profit after tax	-	-	-	-	-	5,799,022	5,799,022
Other comprehensive income	-	-	56,777	-	-	(68,080)	(11,303)
	-	-	56,777	-	-	5,730,942	5,787,719
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	39,642	39,642
Transfer to statutory reserve	-	1,159,804	-	-	-	(1,159,804)	-
Balance as at 31 December 2015	11,114,254	9,413,632	249,527	126,500	540,000	10,253,920	31,697,833
Total comprehensive income for the three months period ended 31 March 2016:							
Profit after tax	-	-	-	-	-	2,534,654	2,534,654
Other comprehensive income	-	-	117	-	-	-	117
	-	-	117	-	-	2,534,654	2,534,771
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214
Transfer to statutory reserve	-	506,931	-	-	-	(506,931)	-
Transaction with owners, recorded directly in equity:							
Cash dividend (Rs. 3.5 per share)	-	-	-	-	-	(3,889,989)	(3,889,989)
Balance as at 31 March 2016	11,114,254	9,920,563	249,644	126,500	540,000	8,404,868	30,355,829

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**ALI RAZA D. HABIB**  
*Chairman*

**ABBAS D. HABIB**  
*Chief Executive and  
Managing Director*

**SYED MAZHAR ABBAS**  
*Director*

**SYED HASAN ALI BUKHARI**  
*Director*



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

**1. STATUS AND NATURE OF BUSINESS**

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 450 branches (31 December 2015: 423 branches), 103 sub-branches (31 December 2015: 105 sub-branches) and 03 representative offices (31 December 2015: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2015: 03 overseas branches) and 31 Islamic Banking branches (31 December 2015: 29 Islamic Banking branches).

**2. BASIS OF PRESENTATION**

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS).
- 2.2** The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial information of the Islamic Banking branches are disclosed in note 21.

**3. STATEMENT OF COMPLIANCE**

- 3.1** These unconsolidated condensed interim financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', IFAS issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2** SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial



statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

**3.3** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting". They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2015.

**3.4** These are separate unconsolidated condensed interim financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

#### **4. BASIS OF MEASUREMENT**

##### **4.1 Accounting convention**

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.

##### **4.2 Functional and presentation currency**

These unconsolidated condensed interim financial statements are presented in Pak Rupees which is the Bank's functional currency and presentation currency.

##### **4.3 Accounting estimates and assumptions**

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas where assumptions and estimates are significant to these unconsolidated condensed interim financial statements are the same as those disclosed in the annual financial statements of the Bank for the year ended 31 December 2015.

#### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of annual financial statements of the Bank for the year ended 31 December 2015 unless otherwise disclosed or specified.

#### **6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2015.



Note	31 March 2016 (Un-audited)			31 December 2015 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in '000)					
<b>7. INVESTMENTS</b>						
<b>7.1 Investments by type</b>						
<b>Available for Sale Securities</b>						
Market Treasury Bills	98,788,119	103,263,104	202,051,223	96,543,319	39,361,572	135,904,891
Pakistan Investment Bonds	81,178,258	-	81,178,258	60,095,104	-	60,095,104
Foreign Currency Bonds	3,662,070	-	3,662,070	4,043,886	-	4,043,886
Sukuk Bonds	6,856,782	-	6,856,782	6,983,848	-	6,983,848
Fully paid-up ordinary shares - Listed	4,078,677	-	4,078,677	4,018,649	-	4,018,649
Fully paid-up ordinary shares - Unlisted	45,529	-	45,529	45,529	-	45,529
Term finance certificates - Listed	702,911	-	702,911	302,972	-	302,972
Term finance certificates - Unlisted	2,403,769	-	2,403,769	2,946,686	-	2,946,686
Units of mutual funds	1,600,000	-	1,600,000	1,550,000	-	1,550,000
	<b>199,316,115</b>	<b>103,263,104</b>	<b>302,579,219</b>	<b>176,529,993</b>	<b>39,361,572</b>	<b>215,891,565</b>
<b>Held to Maturity Securities 7.2</b>						
Pakistan Investment Bonds	130,579,385	-	130,579,385	130,462,425	-	130,462,425
Foreign Currency Bonds	2,398,313	-	2,398,313	1,879,702	-	1,879,702
Bai Muajjal 7.3	1,852,314	-	1,852,314	1,825,278	-	1,825,278
Sukuk Bonds	696,942	-	696,942	696,890	-	696,890
	<b>135,526,954</b>	<b>-</b>	<b>135,526,954</b>	<b>134,864,295</b>	<b>-</b>	<b>134,864,295</b>
<b>Associates</b>						
Habib Sugar Mills Limited	182,690	-	182,690	182,690	-	182,690
Habib Asset Management Limited	60,000	-	60,000	60,000	-	60,000
First Habib Income Fund	150,000	-	150,000	150,000	-	150,000
First Habib Stock Fund	10,000	-	10,000	10,000	-	10,000
First Habib Cash Fund	150,000	-	150,000	150,000	-	150,000
First Habib Islamic Balanced Fund	10,000	-	10,000	10,000	-	10,000
	<b>562,690</b>	<b>-</b>	<b>562,690</b>	<b>562,690</b>	<b>-</b>	<b>562,690</b>
<b>Subsidiaries</b>						
AL Habib Capital Markets (Private) Limited	200,000	-	200,000	200,000	-	200,000
AL Habib Credit & Finance (Hong Kong) Limited	127	-	127	127	-	127
	<b>200,127</b>	<b>-</b>	<b>200,127</b>	<b>200,127</b>	<b>-</b>	<b>200,127</b>
<b>Investments at cost</b>	<b>335,605,886</b>	<b>103,263,104</b>	<b>438,868,990</b>	<b>312,157,105</b>	<b>39,361,572</b>	<b>351,518,677</b>
Less: Provision for diminution in the value of investments	(202,692)	-	(202,692)	(202,692)	-	(202,692)
<b>Investments (net of provisions)</b>	<b>335,403,194</b>	<b>103,263,104</b>	<b>438,666,298</b>	<b>311,954,413</b>	<b>39,361,572</b>	<b>351,315,985</b>
Surplus on revaluation of available for sale securities - net 13.2	6,040,721	122,956	6,163,677	5,213,270	119,748	5,333,018
<b>Total Investments</b>	<b>341,443,915</b>	<b>103,386,060</b>	<b>444,829,975</b>	<b>317,167,683</b>	<b>39,481,320</b>	<b>356,649,003</b>
<b>7.2</b>	The aggregate market value of held to maturity securities as at 31 March 2016 amounted to Rs. 146,989 million (31 December 2015: Rs. 144,551 million).					
<b>7.3</b>	During the period, Bai Muajjal has been reclassified from "Lendings to Financial Institutions" to "Investments" as per SBP's BPRD Circular Letter No. 5 dated February 29, 2016.					



	Note	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
– In Pakistan		171,078,121	171,210,373
– Outside Pakistan		15,566,937	14,648,449
		<b>186,645,058</b>	185,858,822
Islamic financing and related assets - gross	21.1	13,316,362	11,982,735
Net investment in finance lease			
– In Pakistan		4,740,606	4,297,187
– Outside Pakistan		–	–
		<b>4,740,606</b>	4,297,187
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		1,591,354	3,222,616
– Payable outside Pakistan		11,164,610	10,340,898
		<b>12,755,964</b>	13,563,514
Advances - gross		<b>217,457,990</b>	215,702,258
Provision against non-performing loans and advances			
– Specific provision	8.1	(4,349,944)	(5,537,371)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2	(136,794)	(126,279)
– General provision	8.3	(2,750,000)	(2,750,000)
		<b>(7,236,738)</b>	(8,413,650)
Advances - net of provisions		<b>210,221,252</b>	207,288,608
<b>8.1</b> Advances include Rs. 4,710.635 million (31 December 2015: Rs. 5,874.374 million) which have been placed under non-performing status as detailed below:			

31 March 2016 (Un-audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Other assets especially mentioned									
	8,933	–	8,933	370	–	370	370	–	370
Substandard	75,288	–	75,288	10,276	–	10,276	10,276	–	10,276
Doubtful	575,207	–	575,207	287,604	–	287,604	297,322	–	297,322
Loss	3,105,028	946,179	4,051,207	3,094,815	946,179	4,040,994	3,095,797	946,179	4,041,976
	<b>3,764,456</b>	<b>946,179</b>	<b>4,710,635</b>	<b>3,393,065</b>	<b>946,179</b>	<b>4,339,244</b>	<b>3,403,765</b>	<b>946,179</b>	<b>4,349,944</b>



	31 December 2015 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
Other assets especially mentioned	3,335	-	3,335	40	-	40	40	-	40
Substandard	43,810	-	43,810	10,940	-	10,940	10,940	-	10,940
Doubtful	599,534	-	599,534	299,767	-	299,767	309,485	-	309,485
Loss	4,280,034	947,661	5,227,695	4,269,245	947,661	5,216,906	4,269,245	947,661	5,216,906
	<u>4,926,713</u>	<u>947,661</u>	<u>5,874,374</u>	<u>4,579,992</u>	<u>947,661</u>	<u>5,527,653</u>	<u>4,589,710</u>	<u>947,661</u>	<u>5,537,371</u>

**8.2** General provision represents provision amounting to Rs. 111.133 million (31 December 2015: Rs. 100.618 million) against consumer finance portfolio and Rs. 25.661 million (31 December 2015: Rs. 25.661 million) against advances to small enterprises as required by the Prudential Regulations issued by SBP.

**8.3** In line with its prudent policies, the Bank also made general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 31 March 2016 amounts to Rs. 2,750 million (31 December 2015: Rs. 2,750 million).

**8.4** During the period, Advances against Islamic Financing have been reclassified from "Other Assets" to "Advances" as per SBP's BPRD Circular Letter No. 5 dated February 29, 2016.

	(Un-audited) 31 March 2016	(Audited) 31 December 2015
	(Rupees in '000)	
<b>9. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	1,265,898	703,896
Property and equipment	15,322,837	15,000,956
Intangible assets	46,398	59,432
	<u>16,635,133</u>	<u>15,764,284</u>
	(Un-audited) Three months period ended 31 March 2016	31 March 2015
	(Rupees in '000)	
<b>9.1</b> The following additions were made during the period:		
Buildings on leasehold land	25,314	12,571
Improvements to leasehold buildings	80,800	63,394
Furniture and fixtures	34,489	17,512
Electrical, office and computer equipments	462,902	139,695
Vehicles	93,003	40,089
Intangible assets	7,242	-
	<u>703,750</u>	<u>273,261</u>



(Un-audited)  
Three months period ended  
31 March 2016 31 March 2015  
(Rupees in '000)

9.2 The written down value of fixed assets disposed off during the period were as follows:

Improvements to leasehold buildings	4,822	—
Furniture and fixtures	161	1,874
Electrical, office and computer equipments	1,008	3,357
Vehicles	1,677	3,294
	<b>7,668</b>	<b>8,525</b>

(Un-audited) (Audited)  
31 March 2016 31 December 2015  
(Rupees in '000)

10. BORROWINGS

**Secured**

Borrowings from SBP

– Export refinance scheme	18,173,399	19,118,954
– Long term financing for export oriented projects	—	4,246
– Long term financing for imported and locally manufactured plant and machinery	3,987,943	3,953,374
– Financing facility for storage of agricultural produce	22,404	36,861

	<b>22,183,746</b>	23,113,435
Repurchase agreement borrowings	<b>103,367,896</b>	39,473,560
	<b>125,551,642</b>	<b>62,586,995</b>

**Unsecured**

Overdrawn nostros	544,762	5,304
	<b>126,096,404</b>	<b>62,592,299</b>

11. DEPOSITS AND OTHER ACCOUNTS

**Customers**

Fixed deposits	110,524,990	120,268,519
Savings deposits	157,101,201	150,427,540
Current accounts - Remunerative	62,843,188	57,094,573
Current accounts - Non-remunerative	186,553,529	175,902,813
	<b>517,022,908</b>	<b>503,693,445</b>

**Financial institutions**

Remunerative deposits	11,042,056	11,462,606
Non-remunerative deposits	1,786,892	1,057,127
	<b>12,828,948</b>	<b>12,519,733</b>
	<b>529,851,856</b>	<b>516,213,178</b>



	Note	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>12. SUB-ORDINATED LOANS - unsecured</b>			
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,994,600	2,994,600
Term Finance Certificates (TFCs) - V - (Unquoted)	12.2	4,000,000	–
		<b>6,994,600</b>	<b>2,994,600</b>

**12.1 Term Finance Certificates - IV (Unquoted)**

Total issue	Rupees 3,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years
Redemption	6th-108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	June 2021

**12.2 Term Finance Certificates - V (Unquoted)**

Total issue	Rupees 4,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at average six months' KIBOR plus 0.75% without any floor and cap
Redemption	6th-108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	March 2026

	Note	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Fixed assets	13.1	2,688,135	2,692,363
Available for sale investments	13.2	4,006,391	3,466,462
		<b>6,694,526</b>	<b>6,158,825</b>



	Note	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>13.1 Fixed assets</b>			
Surplus on revaluation of fixed assets		3,483,489	3,489,993
Related deferred tax liability		(795,354)	(797,630)
	13.1.1	<u>2,688,135</u>	<u>2,692,363</u>
<b>13.1.1</b> It includes surplus on revaluation of "Non-Banking Assets Acquired in Satisfaction of Claims" amounting to Rs. 8.986 million (net of tax) as required by "Regulations for Debt Property Swap" issued by SBP dated January 1, 2016.			
<b>13.2 Available for sale investments</b>			
Federal Government Securities		5,561,304	4,534,035
Fully paid-up ordinary shares		513,008	708,837
Term finance certificates, sukuk bonds and foreign currency bonds		(4,982)	1,388
Units of mutual funds		<u>94,347</u>	<u>88,758</u>
		6,163,677	5,333,018
Related deferred tax liability		(2,157,286)	(1,866,556)
		<u>4,006,391</u>	<u>3,466,462</u>
<b>14. CONTINGENCIES AND COMMITMENTS</b>			
<b>14.1 Direct credit substitutes</b>			
<b>Financial guarantees issued favouring:</b>			
– Financial institutions		1,103,969	462,800
– Others		<u>4,745,546</u>	<u>5,086,805</u>
		<u>5,849,515</u>	<u>5,549,605</u>
<b>14.2 Transaction-related contingent liabilities</b>			
<b>Guarantees issued favouring:</b>			
– Government		27,744,897	29,798,948
– Financial institutions		704,409	668,750
– Others		<u>9,085,179</u>	<u>6,743,423</u>
		<u>37,534,485</u>	<u>37,211,121</u>
<b>14.3 Trade-related contingent liabilities</b>			
Letters of credit		86,689,828	77,847,579
Acceptances		<u>13,933,438</u>	<u>13,547,110</u>
		<u>100,623,266</u>	<u>91,394,689</u>



	(Un-audited) 31 March 2016	(Audited) 31 December 2015
<b>(Rupees in '000)</b>		
<b>14.4 Commitments in respect of forward lending</b>		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<b>10,641,744</b>	10,748,236
<b>14.5 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>46,293,121</b>	46,760,182
Sale	<b>27,983,776</b>	28,769,804
The maturities of above contracts are spread over the period upto one year.		
<b>14.6 Commitments for the acquisition of operating fixed assets</b>	<b>285,989</b>	635,075

#### 14.7 Other contingencies

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2014. The income tax assessments of the Bank are complete upto tax year 2011.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) has passed order u/s. 122(5A) of the Income Tax Ordinance, 2001 by disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting in net aggregate tax impact of Rs. 797.233 million. The Bank has filed an appeal before the Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) has passed appellate orders for tax years 2009 and 2011 by confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before Income Tax Appellate Tribunal against the above referred orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



	(Un-audited) Three months period ended	
	31 March 2016	31 March 2015
	(Rupees in '000)	
<b>15. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to:		
Customers	3,403,694	3,811,627
Financial institutions	26,534	26,815
	3,430,228	3,838,442
On investments:		
Available for sale securities	4,803,000	5,449,925
Held to maturity securities	3,886,803	3,527,769
	8,689,803	8,977,694
On deposits with financial institutions	38,961	40,731
On securities purchased under resale agreements	25,040	7,979
On call money lendings	1,028	179
	12,185,060	12,865,025
<b>16. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	4,394,131	5,083,686
Sub-ordinated loans	123,661	119,992
Repurchase agreement borrowings	1,033,470	1,467,831
Borrowings from SBP	173,227	302,079
Other borrowings	211,251	81,908
	5,935,740	7,055,496
<b>17. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit after taxation	2,534,654	1,605,890
	(Number of shares in thousands)	
Weighted average number of ordinary shares	1,111,425	1,111,425
	(Rupees)	
Basic and diluted earnings per share	2.28	1.44
	(Un-audited) Three months period ended	
	31 March 2016	31 March 2015
	(Rupees in '000)	
<b>18. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	40,286,542	32,910,829
Balances with other banks	4,236,528	4,040,077
Overdrawn nostros	(544,762)	(320,038)
	43,978,308	36,630,868



## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Three months period ended 31 March 2016 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	5,475,715	11,891,665	(3,965,778)	13,401,602
Total expenses	(4,271,457)	(8,993,532)	3,965,778	(9,299,211)
Net income	1,204,258	2,898,133	–	4,102,391
Segment assets (net of provisions)	492,860,208	691,224,200	(457,589,645)	726,494,763
Segment non performing loans	54,295	4,656,340	–	4,710,635
Segment provision required	39,617	4,299,627	–	4,339,244
Segment liabilities	491,003,477	656,030,576	(457,589,645)	689,444,408
Segment return on assets (ROA) (%)*	1.11%	1.72%		
Segment cost of funds (%)*	0.87%	1.37%		
Three months period ended 31 March 2015 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	6,631,447	12,019,847	(4,618,446)	14,032,848
Total expenses	(4,904,685)	(11,289,845)	4,618,446	(11,576,084)
Net income	1,726,762	730,002	–	2,456,764
Segment assets (net of provisions)	448,978,807	591,609,091	(422,776,296)	617,811,602
Segment non performing loans	41,439	5,636,463	–	5,677,902
Segment provision required	37,312	4,718,840	–	4,756,152
Segment liabilities	447,513,896	560,746,310	(422,776,296)	585,483,910
Segment return on assets (ROA) (%)*	1.48%	2.03%		
Segment cost of funds (%)*	1.10%	2.01%		

\*These percentages have been computed based on closing assets / liabilities figures.



## 20. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates (including entities having directors in common with the Bank), retirement benefit funds, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties of the Bank are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.

Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	As at 31 March 2016 (Un-audited)					Total
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	
<b>Deposits</b>						
At beginning of the period	13,185	3,398,002	183,973	432,539	325,824	4,353,523
Placements during the period	229,012	30,808,005	395,345	385,105	755,113	32,572,580
Withdrawals during the period	(230,813)	(32,084,399)	(349,799)	(362,387)	(541,843)	(33,569,241)
At end of the period	11,384	2,121,608	229,519	455,257	539,094	3,356,862
<b>Advances</b>						
At beginning of the period	—	978,041	144	54,478	—	1,032,663
Given during the period	889,193	6,660,374	914	30,944	—	7,581,425
Repaid during the period	(889,193)	(6,511,184)	(912)	(32,074)	—	(7,433,363)
At end of the period	—	1,127,231	146	53,348	—	1,180,725
<b>Investments</b>						
At beginning of the period	200,127	562,690	—	—	—	762,817
Investments made during the period	—	—	—	—	—	—
Investments redeemed during the period	—	—	—	—	—	—
At end of the period	200,127	562,690	—	—	—	762,817
Contingencies and commitments	—	708,037	—	—	—	708,037
As at 31 December 2015 (Audited)						
<b>Deposits</b>						
At beginning of the year	98,058	3,037,277	185,609	401,895	49,441	3,772,280
Placements during the year	687,051	157,951,585	2,932,874	2,817,436	2,922,398	167,311,344
Withdrawals during the year	(771,924)	(157,590,860)	(2,934,510)	(2,786,792)	(2,646,015)	(166,730,101)
At end of the year	13,185	3,398,002	183,973	432,539	325,824	4,353,523
<b>Advances</b>						
At beginning of the year	—	1,517,483	294	52,960	—	1,570,737
Given during the year	10,948,669	22,453,719	2,790	72,596	—	33,477,774
Repaid during the year	(10,948,669)	(22,993,161)	(2,940)	(71,078)	—	(34,015,848)
At end of the year	—	978,041	144	54,478	—	1,032,663
<b>Investments</b>						
At beginning of the year	200,127	865,977	—	—	—	1,066,104
Investments made during the year	—	548,287	—	—	—	548,287
Investments redeemed during the year	—	(851,574)	—	—	—	(851,574)
At end of the year	200,127	562,690	—	—	—	762,817
Contingencies and commitments	—	749,299	—	—	—	749,299



Three months period ended 31 March 2016 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
Forward purchase contracts	—	411,552	—	—	—	411,552
Other receivable	14,475	—	—	—	—	14,475
Other payable	703	—	—	—	—	703
Unrealised gain on forward contracts	—	994	—	—	—	994
Sale of securities	—	9,114	—	—	—	9,114
Mark-up earned	18	17,937	—	682	—	18,637
Mark-up expensed	132	36,528	2,585	5,974	7,137	52,356
Bank charges and commission	—	865	3	18	—	886
Salaries and allowances	—	—	—	80,142	—	80,142
Bonus	—	—	—	15,371	—	15,371
Contribution to defined contribution plan	—	—	—	3,504	—	3,504
Contribution to defined benefit plan	—	—	—	9,582	—	9,582
Staff provident fund	—	—	—	—	69,486	69,486
Staff gratuity fund	—	—	—	—	54,000	54,000
Directors' fee	—	—	2,100	—	—	2,100
Insurance claim received	—	3,246	—	—	—	3,246
Insurance premium paid	—	96,151	—	—	—	96,151
Dividend income	—	23,538	—	—	—	23,538
Rental income	525	—	—	—	—	525
Commission expensed	582	—	—	—	—	582
Donation	—	99,900	—	—	—	99,900
Other expensed	—	1,400	—	—	—	1,400
Other income	134	80	—	—	29	243

Three months period ended 31 March 2015 (Un-audited)

Forward purchase contracts	—	154,070	—	—	—	154,070
Other receivable	11,424	—	—	—	—	11,424
Other payable	131	—	—	—	—	131
Unrealised gain on forward contracts	—	944	—	—	—	944
Sale of securities	—	—	—	—	36,936	36,936
Mark-up earned	285	29,270	3	780	—	30,338
Mark-up expensed	329	37,875	2,647	7,964	1,433	50,248
Bank charges and commission	1	847	3	17	—	868
Salaries and allowances	—	—	—	75,099	—	75,099
Bonus	—	—	—	13,332	—	13,332
Contribution to defined contribution plan	—	—	—	3,522	—	3,522
Contribution to defined benefit plan	—	—	—	4,491	—	4,491
Staff provident fund	—	—	—	—	56,241	56,241
Staff gratuity fund	—	—	—	—	42,000	42,000
Directors' fee	—	—	1,850	—	—	1,850
Insurance claim received	—	6,133	—	—	—	6,133
Insurance premium paid	—	35,122	—	—	—	35,122
Dividend income	—	23,416	—	—	—	23,416
Rental income	525	—	—	—	—	525
Commission expensed	112	—	—	—	—	112
Donation	—	—	—	—	—	—
Other expensed	—	1,346	—	—	—	1,346
Other income	135	40	—	—	29	204



## 21. ISLAMIC BANKING BUSINESS

The Bank is operating 31 (31 December 2015: 29) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2016 is as follows:

		(Un-audited) 31 March 2016	(Audited) 31 December 2015
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		882,711	882,606
Balances with and due from financial institutions		1,516,032	744,861
Investments		5,524,897	5,594,911
Islamic financing and related assets	21.1	13,314,063	11,980,951
Operating fixed assets		140,574	134,795
Other assets		502,563	244,172
		21,880,840	19,582,296
<b>LIABILITIES</b>			
Bills payable		4,657	8,452
Due to financial institutions		3,466,999	2,734,239
Deposits and other accounts		15,754,759	14,718,557
– Current accounts		5,223,802	4,797,701
– Saving accounts		4,182,806	3,675,740
– Term deposits		5,372,911	5,152,092
– Others		75,022	71,726
– Deposits from financial institutions-remunerative		899,248	1,019,316
– Deposits from financial institutions-non-remunerative		970	1,982
Due to Head office		285,590	1,490
Other liabilities		465,161	427,968
		(19,977,166)	(17,890,706)
<b>NET ASSETS</b>		1,903,674	1,691,590
<b>REPRESENTED BY:</b>			
Islamic banking fund		1,900,000	1,500,000
Unremitted profit		8,174	180,290
		1,908,174	1,680,290
(Deficit) / surplus on revaluation of assets		(4,500)	11,300
		1,903,674	1,691,590



	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>21.1 Islamic financing and related assets</b>		
Murabaha	2,674,111	2,850,625
Net book value of assets / investments in ijarah under IFAS 2	740,622	695,688
Diminishing musharika	3,749,238	3,639,528
Musawama	425,352	274,033
Export refinance murabaha	261,324	32,351
Export refinance istisna	3,158,700	2,491,638
Istisna	1,064,869	568,922
Gross financing	12,074,216	10,552,785
Advance against murabaha	719,415	1,176,821
Advance against ijarah	522,731	253,129
Islamic financing and related assets - gross	13,316,362	11,982,735
Less: general provisioning against consumer financing	(2,299)	(1,784)
Islamic financing and related assets - net of provision	13,314,063	11,980,951
<b>21.1.1 Islamic mode of financing</b>		
Financings / inventory / receivables	12,074,216	10,552,785
Advances	1,242,146	1,429,950
Less: general provisioning against consumer financing	(2,299)	(1,784)
	13,314,063	11,980,951
<b>21.2 Remuneration to Shariah Advisor / Board</b>	1,242	3,354
<b>21.3 CHARITY FUND</b>		
Opening balance	2,686	2,621
Additions during the period / year	833	2,686
Payment / utilisation during the period / year		
Health	—	(1,021)
Social welfare	—	(1,600)
	—	(2,621)
Closing balance	3,519	2,686
<b>22. GENERAL</b>		
<b>22.1</b>	Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary for the purpose of comparison.	
<b>22.2</b>	Figures have been rounded off to the nearest thousand rupees unless, otherwise stated.	
<b>23. DATE OF AUTHORISATION</b>	These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 14 April 2016.	
ALI RAZA D. HABIB	ABBAS D. HABIB	SYED MAZHAR ABBAS
Chairman	Chief Executive and Managing Director	Director
		SYED HASAN ALI BUKHARI
		Director



Bank AL Habib  
25 YEARS SILVER JUBILEE  
1991-2016

## **Consolidated Financial Statements**

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

	Note	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>ASSETS</b>			
Cash and balances with treasury banks		40,286,553	38,577,760
Balances with other banks		4,293,745	3,204,284
Lendings to financial institutions		—	3,992,794
Investments - net	7	445,080,473	356,906,766
Advances - net	8	210,221,430	207,288,807
Operating fixed assets	9	16,653,420	15,782,394
Deferred tax assets - net		—	—
Other assets		10,295,469	14,271,009
		<b>726,831,090</b>	<b>640,023,814</b>
<b>LIABILITIES</b>			
Bills payable		9,828,980	8,665,462
Borrowings	10	126,096,404	62,592,299
Deposits and other accounts	11	529,837,154	516,197,547
Sub-ordinated loans	12	6,994,600	2,994,600
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,988,837	3,627,612
Other liabilities		12,716,701	7,754,760
		<b>689,462,676</b>	<b>601,832,280</b>
<b>NET ASSETS</b>		<b>37,368,414</b>	<b>38,191,534</b>
<b>REPRESENTED BY:</b>			
Share capital		11,114,254	11,114,254
Reserves		10,836,287	10,329,233
Unappropriated profit		8,551,496	10,414,605
<b>Equity attributable to the shareholders of the Holding company</b>		<b>30,502,037</b>	<b>31,858,092</b>
Non-controlling interest		112,922	112,979
<b>Total equity</b>		<b>30,614,959</b>	<b>31,971,071</b>
Surplus on revaluation of assets - net of tax	13	6,753,455	6,220,463
		<b>37,368,414</b>	<b>38,191,534</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB  
Chairman

ABBAS D. HABIB  
Chief Executive and  
Managing Director

SYED MAZHAR ABBAS  
Director

SYED HASAN ALI BUKHARI  
Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

		<b>Three months period ended</b>	
		<b>31 March 2016</b>	<b>31 March 2015</b>
	Note	<b>(Rupees in '000)</b>	
Mark-up / return / interest earned	15	<b>12,188,961</b>	12,869,090
Mark-up / return / interest expensed	16	<b>(5,935,599)</b>	(7,055,173)
Net mark-up / return / interest income		<b>6,253,362</b>	5,813,917
Reversal / (provision) against non-performing loans and advances - net	8.3	<b>1,177,036</b>	(971,972)
Provision for diminution in the value of investments		—	—
Bad debts written-off directly		—	—
		<b>1,177,036</b>	(971,972)
Net mark-up / return / interest income after provisions		<b>7,430,398</b>	4,841,945
<b>NON MARK-UP / INTEREST INCOME</b>			
Fees, commission and brokerage income		<b>608,597</b>	587,277
Dividend income		<b>182,718</b>	136,087
Income from dealing in foreign currencies		<b>189,981</b>	258,246
Gain on sale / redemption of securities - net		<b>33,961</b>	—
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—
Share of profit from associates		<b>9,594</b>	15,184
Other income		<b>184,129</b>	174,618
Total non mark-up / interest income		<b>1,208,980</b>	1,171,412
		<b>8,639,378</b>	6,013,357
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		<b>(4,498,468)</b>	(3,489,330)
Other reversals / (provisions) / write-offs		<b>31,049</b>	(16,571)
Other charges		<b>(83,728)</b>	(58,651)
Total non mark-up / interest expenses		<b>(4,551,147)</b>	(3,564,552)
		<b>4,088,231</b>	2,448,805
Extra-ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>4,088,231</b>	2,448,805
Taxation - Current		<b>(1,501,485)</b>	(1,022,506)
- Prior years		—	—
- Deferred		<b>(66,206)</b>	170,263
		<b>(1,567,691)</b>	(852,243)
<b>PROFIT AFTER TAXATION</b>		<b>2,520,540</b>	1,596,562
<b>Attributable to:</b>			
Shareholders of the Holding company		<b>2,520,597</b>	1,596,355
Non-controlling interest		<b>(57)</b>	207
		<b>2,520,540</b>	1,596,562
<b>Basic and diluted earnings per share attributable to the equity holders of the Holding company</b>			
	17	<b>(Rupees)</b>	
		<b>2.27</b>	1.44

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.  
**ALI RAZA D. HABIB**      **ABBAS D. HABIB**      **SYED MAZHAR ABBAS**      **SYED HASAN ALI BUKHARI**  
*Chairman*      *Chief Executive and*      *Director*      *Director*  
*Managing Director*



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	<b>Three months period ended</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>(Rupees in '000)</b>	
<b>Profit after taxation for the period</b>	<b>2,520,540</b>	<b>1,596,562</b>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss account</i>		
Exchange differences on translation of net investment in foreign operations	123	30,846
<i>Items that will never be reclassified to profit or loss subsequently</i>		
Remeasurement of defined benefit plan	—	—
Related tax charge	—	—
	—	—
<b>Comprehensive income transferred to equity</b>	<b>2,520,663</b>	<b>1,627,408</b>
<b>Components of comprehensive income not reflected in equity</b>		
Surplus on revaluation of available for sale securities	827,401	2,206,274
Related tax charge	(290,181)	(799,675)
	537,220	1,406,599
Surplus on revaluation of fixed assets	13,825	—
Related tax charge	(4,839)	—
	8,986	—
<b>Total comprehensive income</b>	<b>3,066,869</b>	<b>3,034,007</b>
<b>Attributable to:</b>		
Shareholders of the Holding company	3,067,404	3,033,699
Non-controlling interest	(535)	308
	<b>3,066,869</b>	<b>3,034,007</b>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED MAZHAR ABBAS <i>Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>
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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Note	31 March 2016 (Rupees in '000)	31 March 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,088,231	2,448,805
Less: Dividend income		(182,718)	(136,087)
		<b>3,905,513</b>	<b>2,312,718</b>
<b>Adjustments for:</b>			
Depreciation		367,255	274,163
Amortisation		22,195	20,959
(Reversal) / provision against non-performing loans and advances - net		(1,177,036)	971,972
Gain on sale / redemption of securities - net		(33,961)	—
Charge for defined benefit plan		54,000	42,000
Charge for compensated absences		12,196	12,059
Gain on sale of operating fixed assets		(33,307)	(20,963)
Share of profit from associates		(9,594)	(15,184)
(Reversals) / provisions against off-balance sheet items		(31,049)	16,571
		<b>(829,301)</b>	<b>1,301,577</b>
		<b>3,076,212</b>	<b>3,614,295</b>
<b>Decrease / (increase) in operating assets</b>			
Lendings to financial institutions		3,992,794	—
Advances - net		(1,755,587)	(3,886,983)
Other assets		4,137,028	3,968,187
		<b>6,374,235</b>	<b>81,204</b>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		1,163,518	(949,200)
Borrowings		62,964,647	24,827,653
Deposits		13,639,607	11,150,567
Other liabilities - (excluding provision for taxation)		1,104,943	1,341,592
		<b>78,872,715</b>	<b>36,370,612</b>
		<b>88,323,162</b>	<b>40,066,111</b>
Income tax paid		(1,150,018)	(839,355)
Net cash generated from operating activities		<b>87,173,144</b>	<b>39,226,756</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in securities		(87,326,292)	(39,195,134)
Net investments in associates		23,538	23,414
Dividend received		33,153	11,326
Investments in operating fixed assets		(1,266,346)	(337,206)
Sale proceeds from disposal of operating fixed assets		41,081	29,519
Net cash used in investing activities		<b>(88,494,866)</b>	<b>(39,468,081)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts / (repayments) of sub-ordinated loans		4,000,000	(747,900)
Dividend paid		(419,605)	(294,322)
Net cash generated from / (used in) financing activities		<b>3,580,395</b>	<b>(1,042,222)</b>
Exchange differences on translation of net investment in foreign operations		123	30,846
Increase / (decrease) in cash and cash equivalents		<b>2,258,796</b>	<b>(1,252,701)</b>
Cash and cash equivalents at beginning of the period		<b>41,776,740</b>	<b>37,887,729</b>
Cash and cash equivalents at end of the period	18	<b>44,035,536</b>	<b>36,635,028</b>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB      ABBAS D. HABIB      SYED MAZHAR ABBAS      SYED HASAN ALI BUKHARI  
*Chairman*      *Chief Executive and*      *Director*      *Director*  
*Managing Director*



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

	Attributable to the shareholders of the Holding Company							
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Special Reserve	General Reserve	Unappropriated Profit	Sub Total	Non-controlling Interest
	(Rupees in '000)							
Balance as at 01 January 2015	11,114,254	7,932,650	161,761	126,500	540,000	7,912,345	27,787,510	113,969
Total comprehensive income for the three months period ended 31 March 2015:								
Profit after tax	-	-	-	-	-	1,596,355	1,596,355	207
Other comprehensive income	-	-	30,846	-	-	-	30,846	-
	-	-	30,846	-	-	1,596,355	1,627,201	207
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214	-
Transfer to statutory reserve	-	321,178	-	-	-	(321,178)	-	-
Transaction with owners, recorded directly in equity:								
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)	-
Balance as at 31 March 2015	11,114,254	8,253,828	192,607	126,500	540,000	5,866,460	26,093,649	114,176
Total comprehensive income for the nine months period ended 31 December 2015:								
Profit after tax	-	-	-	-	-	5,736,387	5,736,387	(1,197)
Other comprehensive income	-	-	56,494	-	-	(68,080)	(11,586)	-
	-	-	56,494	-	-	5,668,307	5,724,801	(1,197)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	39,642	39,642	-
Transfer to statutory reserve	-	1,159,804	-	-	-	(1,159,804)	-	-
Balance as at 31 December 2015	11,114,254	9,413,632	249,101	126,500	540,000	10,414,605	31,858,092	112,979
Total comprehensive income for the three months period ended 31 March 2016:								
Profit after tax	-	-	-	-	-	2,520,597	2,520,597	(57)
Other comprehensive income	-	-	123	-	-	-	123	-
	-	-	123	-	-	2,520,597	2,520,720	(57)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214	-
Transfer to statutory reserve	-	506,931	-	-	-	(506,931)	-	-
Transaction with owners, recorded directly in equity:								
Cash dividend (Rs. 3.5 per share)	-	-	-	-	-	(3,889,989)	(3,889,989)	-
Balance as at 31 March 2016	11,114,254	9,920,563	249,224	126,500	540,000	8,551,496	30,502,037	112,922

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB  
**Chairman**

ABBAS D. HABIB  
**Chief Executive and  
Managing Director**

SYED MAZHAR ABBAS  
**Director**

SYED HASAN ALI BUKHARI  
**Director**



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** The Group comprises of:

**Holding company**

- Bank AL Habib Limited

**Subsidiaries**

- AL Habib Capital Markets (Private) Limited
- AL Habib Credit & Finance (Hong Kong) Limited

**1.2** Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 450 branches (31 December 2015: 423 branches), 103 sub-branches (31 December 2015: 105 sub-branches) and 03 representative offices (31 December 2015: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2015: 03 overseas branches) and 31 Islamic Banking branches (31 December 2015: 29 Islamic Banking branches).

**1.3** The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Ordinance, 1984. The Company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

**1.4** AL Habib Credit & Finance (Hong Kong) Limited is a wholly owned subsidiary of the Bank. It is a limited liability company incorporated and domiciled in Hong Kong. The Company has not commenced operations and is in the process of obtaining a Deposit Taking Companies license from the Hong Kong Monetary Authority.

**2. BASIS OF PRESENTATION**

**2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS).

**2.2** The financial results of the Islamic Banking branches have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial information of the Islamic Banking branches are disclosed in note 21.



### 3. STATEMENT OF COMPLIANCE

**3.1** These consolidated condensed interim financial statements of the Group have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', IFAS issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

**3.2** SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

**3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting". They do not include all the information required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2015.

### 4. BASIS OF MEASUREMENT

#### 4.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.

#### 4.2 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pak Rupees which is the Group's functional currency and presentation currency.

#### 4.3 Accounting estimates and assumptions

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas where assumptions and estimates are significant to these consolidated condensed interim financial statements are the same as those disclosed in the annual financial statements of the Group for the year ended 31 December 2015.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2015 unless otherwise disclosed or specified.

### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2015.



	31 March 2016 (Un-audited)			31 December 2015 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
Note	(Rupees in '000)					
<b>7. INVESTMENTS</b>						
<b>7.1 Investments by type</b>						
<b>Available for Sale Securities</b>						
Market Treasury Bills	98,788,119	103,263,104	202,051,223	96,543,319	39,361,572	135,904,891
Pakistan Investment Bonds	81,323,304	-	81,323,304	60,240,211	-	60,240,211
Foreign Currency Bonds	3,662,070	-	3,662,070	4,043,886	-	4,043,886
Sukuk Bonds	6,856,782	-	6,856,782	6,983,848	-	6,983,848
Fully paid-up ordinary shares - Listed	4,134,491	-	4,134,491	4,074,462	-	4,074,462
Fully paid-up ordinary shares - Unlisted	70,814	-	70,814	70,814	-	70,814
Term finance certificates - Listed	702,911	-	702,911	302,972	-	302,972
Term finance certificates - Unlisted	2,403,769	-	2,403,769	2,946,686	-	2,946,686
Units of mutual funds	1,610,000	-	1,610,000	1,550,000	-	1,550,000
	<b>199,552,260</b>	<b>103,263,104</b>	<b>302,815,364</b>	<b>176,756,198</b>	<b>39,361,572</b>	<b>216,117,770</b>
<b>Held to Maturity Securities 7.2</b>						
Pakistan Investment Bonds	130,579,385	-	130,579,385	130,462,425	-	130,462,425
Foreign Currency Bonds	2,398,313	-	2,398,313	1,879,702	-	1,879,702
Bai Muajjal 7.3	1,852,314	-	1,852,314	1,825,278	-	1,825,278
Sukuk Bonds	696,942	-	696,942	696,890	-	696,890
	<b>135,526,954</b>	<b>-</b>	<b>135,526,954</b>	<b>134,864,295</b>	<b>-</b>	<b>134,864,295</b>
<b>Associates</b>						
Habib Sugar Mills Limited	377,933	-	377,933	396,615	-	396,615
Habib Asset Management Limited	83,708	-	83,708	84,236	-	84,236
First Habib Income Fund	144,755	-	144,755	142,719	-	142,719
First Habib Stock Fund	9,640	-	9,640	9,534	-	9,534
First Habib Cash Fund	145,901	-	145,901	144,106	-	144,106
First Habib Islamic Balanced Fund	9,865	-	9,865	9,812	-	9,812
	<b>771,802</b>	<b>-</b>	<b>771,802</b>	<b>787,022</b>	<b>-</b>	<b>787,022</b>
<b>Investments at cost</b>	<b>335,851,016</b>	<b>103,263,104</b>	<b>439,114,120</b>	<b>312,407,515</b>	<b>39,361,572</b>	<b>351,769,087</b>
Less: Provision for diminution in the value of investments	(213,185)	-	(213,185)	(213,185)	-	(213,185)
<b>Investments (net of provisions)</b>	<b>335,637,831</b>	<b>103,263,104</b>	<b>438,900,935</b>	<b>312,194,330</b>	<b>39,361,572</b>	<b>351,555,902</b>
Surplus on revaluation of available for sale securities - net	6,056,582	122,956	6,179,538	5,231,116	119,748	5,350,864
<b>Total Investments</b>	<b>341,694,413</b>	<b>103,386,060</b>	<b>445,080,473</b>	<b>317,425,446</b>	<b>39,481,320</b>	<b>356,906,766</b>

- 7.2 The aggregate market value of held to maturity securities as at 31 March 2016 amounted to Rs. 146,989 million (31 December 2015: Rs. 144,551 million).
- 7.3 During the period, Bai Muajjal has been reclassified from "Lendings to Financial Institutions" to "Investments" as per SBP's BPRD Circular Letter No. 5 dated February 29, 2016.



	Note	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
– In Pakistan		171,078,299	171,210,572
– Outside Pakistan		15,566,937	14,648,449
		<b>186,645,236</b>	185,859,021
Islamic financing and related assets - gross	21.1	<b>13,316,362</b>	11,982,735
Net investment in finance lease			
– In Pakistan		4,740,606	4,297,187
– Outside Pakistan		–	–
		<b>4,740,606</b>	4,297,187
Bills discounted and purchased (excluding market treasury bills)			
– Payable in Pakistan		1,591,354	3,222,616
– Payable outside Pakistan		11,164,610	10,340,898
		<b>12,755,964</b>	13,563,514
Advances - gross		<b>217,458,168</b>	215,702,457
Provision against non-performing loans and advances			
– Specific provision	8.1	(4,349,944)	(5,537,371)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2	(136,794)	(126,279)
– General provision	8.3	(2,750,000)	(2,750,000)
		<b>(7,236,738)</b>	(8,413,650)
Advances - net of provisions		<b>210,221,430</b>	207,288,807

**8.1** Advances include Rs. 4,710.635 million (31 December 2015: Rs. 5,874.374 million) which have been placed under non-performing status as detailed below:

31 March 2016 (Un-audited)									
Classified advances				Provision required		Provision held			
Domestic	Overseas	Total		Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Category of classification									
Other assets especially mentioned									
	8,933	–	8,933	370	–	370	370	–	370
Substandard	75,288	–	75,288	10,276	–	10,276	10,276	–	10,276
Doubtful	575,207	–	575,207	287,604	–	287,604	297,322	–	297,322
Loss	3,105,028	946,179	4,051,207	3,094,815	946,179	4,040,994	3,095,797	946,179	4,041,976
	<u>3,764,456</u>	<u>946,179</u>	<u>4,710,635</u>	<u>3,393,065</u>	<u>946,179</u>	<u>4,339,244</u>	<u>3,403,765</u>	<u>946,179</u>	<u>4,349,944</u>



Category of classification	31 December 2015 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	3,335	-	3,335	40	-	40	40	-	40
Substandard	43,810	-	43,810	10,940	-	10,940	10,940	-	10,940
Doubtful	599,534	-	599,534	299,767	-	299,767	309,485	-	309,485
Loss	4,280,034	947,661	5,227,695	4,269,245	947,661	5,216,906	4,269,245	947,661	5,216,906
	<u>4,296,713</u>	<u>947,661</u>	<u>5,874,374</u>	<u>4,579,992</u>	<u>947,661</u>	<u>5,527,653</u>	<u>4,589,710</u>	<u>947,661</u>	<u>5,537,371</u>

8.2 General provision represents provision amounting to Rs. 111.133 million (31 December 2015: Rs. 100.618 million) against consumer finance portfolio and Rs. 25.661 million (31 December 2015: Rs. 25.661 million) against advances to small enterprises as required by the Prudential Regulations issued by SBP.

8.3 In line with its prudent policies, the Bank has also made general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 31 March 2016 amounts to Rs. 2,750 million (31 December 2015: Rs. 2,750 million).

8.4 During the period, Advances against Islamic Financing have been reclassified from "Other Assets" to "Advances" as per SBP's BPRD Circular Letter No. 5 dated February 29, 2016.

(Un-audited) (Audited)  
31 March 31 December  
2016 2015  
(Rupees in '000)

## 9. OPERATING FIXED ASSETS

Capital work-in-progress	1,265,898	703,896
Property and equipment	15,331,659	15,009,585
Intangible assets	55,863	68,913
	<u>16,653,420</u>	<u>15,782,394</u>

(Un-audited)  
Three months period ended  
31 March 31 March  
2016 2015  
(Rupees in '000)

9.1 The following additions were made during the period:

Buildings on leasehold land	25,314	12,571
Improvements to leasehold buildings	80,800	63,394
Furniture and fixtures	34,489	17,512
Electrical, office and computer equipments	463,496	139,778
Vehicles	93,003	40,089
Intangible assets	7,242	-
	<u>704,344</u>	<u>273,344</u>



(Un-audited)  
Three months period ended  
31 March 2016 31 March 2015  
(Rupees in '000)

9.2 The written down value of fixed assets disposed off during the period were as follows:

Improvements to leasehold buildings	4,822	—
Furniture and fixtures	161	1,874
Electrical, office and computer equipments	1,114	3,388
Vehicles	1,677	3,294
	<u>7,774</u>	<u>8,556</u>

(Un-audited) (Audited)  
31 March 2016 31 December 2015  
(Rupees in '000)

10. BORROWINGS

Secured

Borrowings from SBP		
– Export refinance scheme	18,173,399	19,118,954
– Long term financing for export oriented projects	—	4,246
– Long term financing for imported and locally manufactured plant and machinery	3,987,943	3,953,374
– Financing facility for storage of agricultural produce	22,404	36,861
	<u>22,183,746</u>	<u>23,113,435</u>
Repurchase agreement borrowings	103,367,896	39,473,560
	<u>125,551,642</u>	<u>62,586,995</u>

Unsecured

Overdrawn nostros	544,762	5,304
	<u>126,096,404</u>	<u>62,592,299</u>

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	110,524,990	120,268,519
Savings deposits	157,101,201	150,427,540
Current accounts - Remunerative	62,843,188	57,094,573
Current accounts - Non-remunerative	186,553,529	175,902,813
	<u>517,022,908</u>	<u>503,693,445</u>

Financial institutions

Remunerative deposits	11,030,538	11,451,951
Non-remunerative deposits	1,783,708	1,052,151
	<u>12,814,246</u>	<u>12,504,102</u>
	<u>529,837,154</u>	<u>516,197,547</u>



		(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>12. SUB-ORDINATED LOANS - unsecured</b>	Note		
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,994,600	2,994,600
Term Finance Certificates (TFCs) - V - (Unquoted)	12.2	4,000,000	—
		<u>6,994,600</u>	<u>2,994,600</u>

**12.1 Term Finance Certificates - IV (Unquoted)**

Total issue	Rupees 3,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years
Redemption	6th-108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	June 2021

**12.2 Term Finance Certificates - V (Unquoted)**

Total issue	Rupees 4,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at average six months' KIBOR plus 0.75% without any floor and cap
Redemption	6th-108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	March 2026

		(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>	Note		
Fixed assets	13.1	2,688,135	2,692,363
Available for sale investments	13.2	4,065,320	3,528,100
		<u>6,753,455</u>	<u>6,220,463</u>



	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
Note		
<b>13.1 Fixed assets</b>		
Surplus on revaluation of fixed assets	3,483,489	3,489,993
Related deferred tax liability	(795,354)	(797,630)
13.1.1	<u>2,688,135</u>	<u>2,692,363</u>
13.1.1 It includes surplus on revaluation of "Non-Banking Assets Acquired in Satisfaction of Claims" amounting to Rs. 8.986 million (net of tax) as required by "Regulations for Debt Property Swap" issued by SBP dated January 1, 2016.		
<b>13.2 Available for sale investments</b>		
Federal Government Securities	5,570,090	4,543,743
Fully paid-up ordinary shares	519,957	716,974
Term finance certificates, sukuk bonds, foreign currency bonds and others	41,519	49,163
Units of mutual funds	94,473	88,758
	<u>6,226,039</u>	<u>5,398,638</u>
Related deferred tax liability	(2,160,719)	(1,870,538)
	<u>4,065,320</u>	<u>3,528,100</u>
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct credit substitutes</b>		
Financial guarantees issued favouring:		
– Financial institutions	1,103,969	462,800
– Others	4,745,546	5,086,805
	<u>5,849,515</u>	<u>5,549,605</u>
<b>14.2 Transaction-related contingent liabilities</b>		
Guarantees issued favouring:		
– Government	27,744,897	29,798,948
– Financial institutions	704,409	668,750
– Others	9,085,179	6,743,423
	<u>37,534,485</u>	<u>37,211,121</u>
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	86,689,828	77,847,579
Acceptances	13,933,438	13,547,110
	<u>100,623,266</u>	<u>91,394,689</u>



	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>14.4 Commitments in respect of forward lending</b>		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>10,641,744</u>	<u>10,748,236</u>
<b>14.5 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>46,293,121</u>	<u>46,760,182</u>
Sale	<u>27,983,776</u>	<u>28,769,804</u>
The maturities of above contracts are spread over the period upto one year.		
<b>14.6 Commitments for the acquisition of operating fixed assets</b>	<u>286,322</u>	<u>636,406</u>

#### 14.7 Other contingencies

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2014. The income tax assessments of the Bank are complete upto tax year 2011.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) has passed order u/s. 122(5A) of the Income Tax Ordinance, 2001 by disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting in net aggregate tax impact of Rs. 797.233 million. The Bank has filed an appeal before the Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) has passed appellate orders for tax years 2009 and 2011 by confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before Income Tax Appellate Tribunal against the above referred orders.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



	(Un-audited) Three months period ended	
	31 March 2016	31 March 2015
	(Rupees in '000)	
<b>15. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to:		
Customers	3,403,697	3,811,351
Financial institutions	26,516	26,815
	<u>3,430,213</u>	<u>3,838,166</u>
On investments:		
Available for sale securities	4,806,867	5,449,925
Held to maturity securities	3,886,803	3,532,075
	<u>8,693,670</u>	<u>8,982,000</u>
On deposits with financial institutions	39,010	40,766
On securities purchased under resale agreements	25,040	7,979
On call money lendings	1,028	179
	<u>12,188,961</u>	<u>12,869,090</u>
<b>16. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	4,393,990	5,083,363
Sub-ordinated loans	123,661	119,992
Repurchase agreement borrowings	1,033,470	1,467,831
Borrowings from SBP	173,227	302,079
Other borrowings	211,251	81,908
	<u>5,935,599</u>	<u>7,055,173</u>
<b>17. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY</b>		
Profit after taxation - attributable to equity holders of the Holding company	<u>2,520,597</u>	<u>1,596,355</u>
	(Number of shares in thousands)	
Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>
	(Rupees)	
Basic and diluted earnings per share	<u>2.27</u>	<u>1.44</u>
	(Un-audited) Three months period ended	
	31 March 2016	31 March 2015
	(Rupees in '000)	
<b>18. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	40,286,553	32,910,837
Balances with other banks	4,293,745	4,044,229
Overdrawn nostros	(544,762)	(320,038)
	<u>44,035,536</u>	<u>36,635,028</u>



## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

Three months period ended 31 March 2016 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	5,475,715	11,877,845	11,780	(3,967,399)	13,397,941
Total expenses	(4,271,457)	(8,992,036)	(13,616)	3,967,399	(9,309,710)
Net income	1,204,258	2,885,809	(1,836)	-	4,088,231
Segment assets (net of provisions)	492,860,208	691,365,723	381,882	(457,776,723)	726,831,090
Segment non performing loans	54,295	4,656,340	-	-	4,710,635
Segment provision required	39,617	4,299,627	-	-	4,339,244
Segment liabilities	491,003,477	656,016,275	219,647	(457,776,723)	689,462,676
Segment return on assets (ROA) (%)*	1.11%	1.72%	3.08%		
Segment cost of funds (%)*	0.87%	1.37%	6.20%		

AL Habib Credit & Finance (Hong Kong) Limited has not commenced operations.

Three months period ended 31 March 2015 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	6,631,447	12,012,434	17,097	(4,620,476)	14,040,502
Total expenses	(4,904,685)	(11,290,350)	(17,138)	4,620,476	(11,591,697)
Net income	1,726,762	722,084	(41)	-	2,448,805
Segment assets (net of provisions)	448,978,807	591,800,575	391,922	(422,962,120)	618,209,184
Segment non performing loans	41,439	5,636,463	-	-	5,677,902
Segment provision required	37,312	4,718,840	-	-	4,756,152
Segment liabilities	447,513,896	560,696,076	235,038	(422,962,120)	585,482,890
Segment return on assets (ROA) (%)*	1.48%	2.03%	4.36%		
Segment cost of funds (%)*	1.10%	2.01%	7.29%		

\*These percentages have been computed based on closing assets / liabilities figures.



## 20. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates (including entities having directors in common with the Group), retirement benefit funds, major share holders, directors and key management personnel and their close family members.

Transactions with related parties of the Group are carried out at an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.

Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

As at 31 March 2016 (Un-audited)					
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
<b>Deposits</b>					
At beginning of the period	3,398,002	183,973	432,539	325,824	4,340,338
Placements during the period	30,808,005	395,345	385,105	755,113	32,343,568
Withdrawals during the period	(32,084,399)	(349,799)	(362,387)	(541,843)	(33,338,428)
At end of the period	2,121,608	229,519	455,257	539,094	3,345,478
<b>Advances</b>					
At beginning of the period	978,041	144	54,478	—	1,032,663
Given during the period	6,660,374	914	30,944	—	6,692,232
Repaid during the period	(6,511,184)	(912)	(32,074)	—	(6,544,170)
At end of the period	1,127,231	146	53,348	—	1,180,725
<b>Investments</b>					
At beginning of the period	787,022	—	—	—	787,022
Investments made during the period	—	—	—	—	—
Investments redeemed during the period	(15,220)	—	—	—	(15,220)
At end of the period	771,802	—	—	—	771,802
Contingencies and commitments	708,037	—	—	—	708,037
As at 31 December 2015 (Audited)					
<b>Deposits</b>					
At beginning of the year	3,037,277	185,609	401,895	49,441	3,674,222
Placements during the year	157,951,585	2,932,874	2,817,436	2,922,398	166,624,293
Withdrawals during the year	(157,590,860)	(2,934,510)	(2,786,792)	(2,646,015)	(165,958,177)
At end of the year	3,398,002	183,973	432,539	325,824	4,340,338
<b>Advances</b>					
At beginning of the year	1,517,483	294	52,960	—	1,570,737
Given during the year	22,453,719	2,790	72,596	—	22,529,105
Repaid during the year	(22,993,161)	(2,940)	(71,078)	—	(23,067,179)
At end of the year	978,041	144	54,478	—	1,032,663
<b>Investments</b>					
At beginning of the year	1,158,614	—	—	—	1,158,614
Investments made during the year	548,287	—	—	—	548,287
Investments redeemed during the year	(919,879)	—	—	—	(919,879)
At end of the year	787,022	—	—	—	787,022
Contingencies and commitments	749,299	—	—	—	749,299



Three months period ended 31 March 2016 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Forward purchase contracts	411,552	—	—	—	411,552
Other receivable	50	—	31	—	81
Unrealised gain on forward contracts	994	—	—	—	994
Sale of securities	9,114	—	—	—	9,114
Mark-up earned	17,937	—	682	—	18,619
Mark-up expensed	36,528	2,585	5,974	7,137	52,224
Bank charges and commission	865	3	18	—	886
Salaries and allowances	—	—	82,773	—	82,773
Bonus	—	—	15,371	—	15,371
Contribution to defined contribution plan	—	—	3,679	—	3,679
Contribution to defined benefit plan	—	—	9,582	—	9,582
Staff provident fund	—	—	—	70,049	70,049
Staff gratuity fund	—	—	—	54,000	54,000
Directors' fee	—	2,100	—	—	2,100
Insurance claim received	3,246	—	—	—	3,246
Insurance premium paid	96,358	—	—	—	96,358
Dividend income	23,538	—	—	—	23,538
Brokerage and advisory income	260	—	—	4	264
Donation	99,900	—	—	—	99,900
Other expensed	1,400	—	—	—	1,400
Other income	80	—	—	29	109

Three months period ended 31 March 2015 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Forward purchase contracts	154,070	—	—	—	154,070
Other receivable	—	—	—	—	—
Unrealised gain on forward contracts	944	—	—	—	944
Sale of securities	—	—	—	36,936	36,936
Mark-up earned	29,270	3	780	—	30,053
Mark-up expensed	37,875	2,647	7,964	1,433	49,919
Bank charges and commission	847	3	17	—	867
Salaries and allowances	—	—	77,505	—	77,505
Bonus	—	—	13,332	—	13,332
Contribution to defined contribution plan	—	—	3,682	—	3,682
Contribution to defined benefit plan	—	—	4,491	—	4,491
Staff provident fund	—	—	—	56,669	56,669
Staff gratuity fund	—	—	—	42,000	42,000
Directors' fee	—	1,850	—	—	1,850
Insurance claim received	6,133	—	—	—	6,133
Insurance premium paid	35,626	—	—	—	35,626
Dividend income	23,416	—	—	—	23,416
Brokerage and advisory income	374	—	—	—	374
Donation	—	—	—	—	—
Other expensed	1,346	—	—	—	1,346
Other income	40	—	—	29	69



## 21. ISLAMIC BANKING BUSINESS

The Bank is operating 31 (31 December 2015: 29) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2016 is as follows:

	(Un-audited) 31 March 2016	(Audited) 31 December 2015
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	882,711	882,606
Balances with and due from financial institutions	1,516,032	744,861
Investments	5,524,897	5,594,911
Islamic financing and related assets	21.1 13,314,063	11,980,951
Operating fixed assets	140,574	134,795
Other assets	502,563	244,172
	<b>21,880,840</b>	<b>19,582,296</b>
<b>LIABILITIES</b>		
Bills payable	4,657	8,452
Due to financial institutions	3,466,999	2,734,239
Deposits and other accounts	15,754,759	14,718,557
– Current accounts	5,223,802	4,797,701
– Saving accounts	4,182,806	3,675,740
– Term deposits	5,372,911	5,152,092
– Others	75,022	71,726
– Deposits from financial institutions-remunerative	899,248	1,019,316
– Deposits from financial institutions-non-remunerative	970	1,982
Due to Head office	285,590	1,490
Other liabilities	465,161	427,968
	<b>(19,977,166)</b>	<b>(17,890,706)</b>
<b>NET ASSETS</b>	<b>1,903,674</b>	<b>1,691,590</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,900,000	1,500,000
Unremitted profit	8,174	180,290
	<b>1,908,174</b>	<b>1,680,290</b>
(Deficit) / surplus on revaluation of assets	<b>(4,500)</b>	<b>11,300</b>
	<b>1,903,674</b>	<b>1,691,590</b>



	(Un-audited) 31 March 2016 (Rupees in '000)	(Audited) 31 December 2015
<b>21.1 Islamic financing and related assets</b>		
Murabaha	2,674,111	2,850,625
Net book value of assets / investments in ijarah under IFAS 2	740,622	695,688
Diminishing musharika	3,749,238	3,639,528
Musawama	425,352	274,033
Export refinance murabaha	261,324	32,351
Export refinance istisna	3,158,700	568,922
Istisna	1,064,869	2,491,638
Gross financing	12,074,216	10,552,785
Advance against murabaha	719,415	1,176,821
Advance against ijarah	522,731	253,129
Islamic financing and related assets - gross	13,316,362	11,982,735
Less: general provisioning against consumer financing	(2,299)	(1,784)
Islamic financing and related assets - net of provision	13,314,063	11,980,951
<b>21.1.1 Islamic mode of financing</b>		
Financings / inventory / receivables	12,074,216	10,552,785
Advances	1,242,146	1,429,950
Less: general provisioning against consumer financing	(2,299)	(1,784)
	13,314,063	11,980,951
<b>21.2 Remuneration to Shariah Advisor / Board</b>	1,242	3,354
<b>21.3 CHARITY FUND</b>		
Opening balance	2,686	2,621
Additions during the period / year	833	2,686
Payment / utilisation during the period / year		
Health	—	(1,021)
Social welfare	—	(1,600)
	—	(2,621)
Closing balance	3,519	2,686
<b>22. GENERAL</b>		
<b>22.1</b>	Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary for the purpose of comparison.	
<b>22.2</b>	Figures have been rounded off to the nearest thousand rupees unless, otherwise stated.	
<b>23. DATE OF AUTHORISATION</b>	These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 14 April 2016.	
ALI RAZA D. HABIB	ABBAS D. HABIB	SYED MAZHAR ABBAS
Chairman	Chief Executive and Managing Director	Director
		SYED HASAN ALI BUKHARI
		Director